

27 May 1954

MEMORANDUM OF UNDERSTANDING:

1. For purposes of efficiency in intelligence production, the following agreement has been entered into between the Chief of the Coordination Area and the Chief of the Economic Area, and concurred in by the AD/RR.
 2. The Economic Research Area will assume responsibility effective 1 July 1954 for the production for all commodity analyses on the Soviet Bloc in support of the economic defense intelligence commitments of ORR.
 3. The following functions will remain in the Economic Defense Division, Coordination Area:
 - a. Coordination of all intelligence produced in support of economic defense with the other agencies having responsibilities in this field in the United States Government, principally through the IWG, EDAC, and MDAC.
 - b. The production of intelligence studies required for economic defense purposes on subjects other than commodities, such as Soviet trade tactics, Soviet economic penetration of Latin America, the effects of differential controls on various countries within the Bloc, etc.
 - c. Analyses of cases of diversion in East-West trade, principally for the operational support of MDAC and the Department of State either directly or through the Diversion Control Net.
 4. Pending clarification of the expanded program of transport control support to be undertaken by ONI, intelligence on transport controls will remain a function of D/E. The intelligence required primarily concerns the contribution of non-Bloc shipping to the Soviet Bloc and will require close cooperation with S/TR and I/Sh on substantive matters.
 5. In order to assist the Economic Area in the assumption of the responsibility for all commodity analyses undertaken in support of economic defense, the Coordination Area will transfer five professional positions, with the incumbent personnel, to the Economic Area. The Economic Area will appoint a member of the St/PR staff as a point of contact with D/E on economic defense matters.

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/S/
Chief, Coordination Area

Chief, Economic Area

CONCURRED:

/S/ Otto Apperly
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Assistant Director, RR